THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) Crude oil production in the country during the years 2003-04 and 2004-05 was 33.37 and 33.98 Million Metric Tonnes (MMT) respectively.

(b) The target set (Budget Estimate) for the production of crude oil for the current year, 2005-06 is 34.45 MMT.

(c) and (d) For exploration of hydrocarbons the Government has taken the following steps :-

(i) New areas for further exploration have been opened up under the New Exploration Licensing Policy (NELP). Under NELP, 90 exploration blocks have been awarded to various companies in four rounds of exploratory bidding held till now. The exploration work in NELP blocks has led to 19 oil/gas discoveries so far. 20 more exploration blocks have been offered for international competitive bidding under the fifth round of NELP.

(ii) Accelerated exploration programme by National Oil Companies (NOCs) in areas awarded to them on a nomination basis.

The funds required for exploration in the blocks awarded under NELP Production Sharing Contracts are arranged by the companies to whom the blocks are awarded Investment thus made is cost recoverable from the oil saved and sold, once commercial production commences.

As regards the national oil companies, namely, Oil and Natural Gas Corporation Ltd. (ONGC) and Oil India Ltd. (OIL), they plan to spend about Rs. 3599 crores and Rs. 571 crores respectively during 2005-06 for exploration activities.

Sale of equity of MRPL

3517. SHRI S. M. LALJAN BASHA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have signed any agreement with ARAMCO to sell equity in MRPL;

(b) if so, the details of this joint venture between ARAMCO and ONGC owned MRPL;

(c) the gains to the country from such an agreement;

(d) whether crude will be supplied at concessional prices; and

(e) if so, the details thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) No, Sir.

(b) to (e) Do not arise in view of (a) above.

Impact of rising oil prices on oil companies

3518. DR. M. AM. RAMASWAMY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the oil prices in the international market during the each of the three years, year-wise;

(b) whether due to increase in oil prices, the oil companies in the country are heavily burdened marking it difficult for them to invest in infrastructure and other business; and

(c) if so, the remedial measures taken by Government in this regard?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) Information is given in the Statement (See below).

(b) and (c) With a view to containing the burden of the increase in international prices on consumers of petroleum products, Public Sector Oil Marketing Companies (OMCs) have not passed on the full increase in international prices to the domestic consumer prices of these products. The burden borne by oil companies will, of course, go up to the extent that domestic prices are not revised upwards when international prices shoot up. With effect from 1st August, 2004 Government had worked out a price band mechanism, allowing OMCs freedom to revise the prices of petrol and diesel within the prescribed price band. However, the steep and volatile increase in the international prices of crude oil resulted in the ceiling of the price band being breached within weeks of its being made operational resulting in the mechanism being placed in abeyance. It is hoped that when international prices stabilize, or Government so decides, the price band mechanism might be restored. It may be noted that private sector companies are free to fix their prices.